

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Develop an
Electricity Integrated Resource Planning
Framework and to Coordinate and Refine
Long-Term Procurement Planning
Requirements.

Rulemaking 16-02-007
(Filed February 11, 2016)

**CLEAN COALITION REPLY COMMENTS ON THE STAFF PROPOSAL FOR
IMPLEMENTING INTEGRATED RESOURCE PLANNING**

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July 12, 2017

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I. INTRODUCTION

Pursuant to the May 16, 2017 *Administrative Law Judge’s Ruling Seeking Comment on Staff proposal on Process for Integrated Resource Planning* (“ALJ Ruling”) and the June 13, 2017 *Administrative Law Judge’s Ruling Modifying Schedule*, the Clean Coalition submits these reply comments on the *Proposal for Implementing Integrated Resource Planning at the CPUC: An Energy Division Staff Proposal* (“Staff Proposal”). The Clean Coalition emphasizes that:

- The IRP Process should not replace separate resource-specific proceedings and procurement mandates;
- The IRP Process must incorporate estimates of the transmission and distribution infrastructure costs associated with different resource portfolios; and
- The RESOLVE model should incorporate demand-side resources as inputs and resources, just as any supply-side resource is considered.

II. REPLY COMMENTS

The Clean Coalition offers the following brief reply in response to comments from other parties on the Staff Proposal.

A. The IRP Process should not replace separate resource-specific proceedings and procurement mandates.

The Clean Coalition disagrees with parties advocating that resource-specific procurement mandates be eliminated in favor of the IRP plan. For example, San Diego Gas & Electric

(SDG&E) commented, “The Commission must seek to eliminate existing stand-alone procurement mandates” because the mandates “directly undermine the goal of an optimized resource plan.”¹ Similarly, SDG&E argues that Guiding Principle #5 needs to be revised to note that resource-specific proceedings will be folded into and integrated with the overall IRP planning process.² These recommendations, however, are unnecessary and misguided.

The Clean Coalition broadly supports technology neutral planning and procurement in order to identify the best mix of resources, but we also recognize that it is the role of the CPUC to support newer technologies in order to bring a variety of resources to the level of commercial maturity and competitiveness. The goals of the IRP process do not wholly overlap and eliminate the goals in other, resource-specific proceedings and procurement mandates, so there is definitely a role for pursuing specific resources in some cases. Ensuring diversity and associated security in our resource portfolio is also important. For these reasons, we urge the Commission to retain separate resource-specific proceedings and procurement mandates, but to ensure coordination of those mandates into the IRP Reference System Plan.

B. The IRP Process must incorporate estimates of the transmission and distribution infrastructure costs associated with different resource portfolios.

In its response to question 14.b, SDG&E made an important note in their comments regarding a plan’s impact on the transmission and distribution system. It noted that the Staff Proposal’s risk column in Table 4.4 states that risks of impact are low due to the transmission planning process and the DRP process, but questioned this conclusion, as it “implies that every plan would score the same, regardless of the amount and type of resources being added.”³

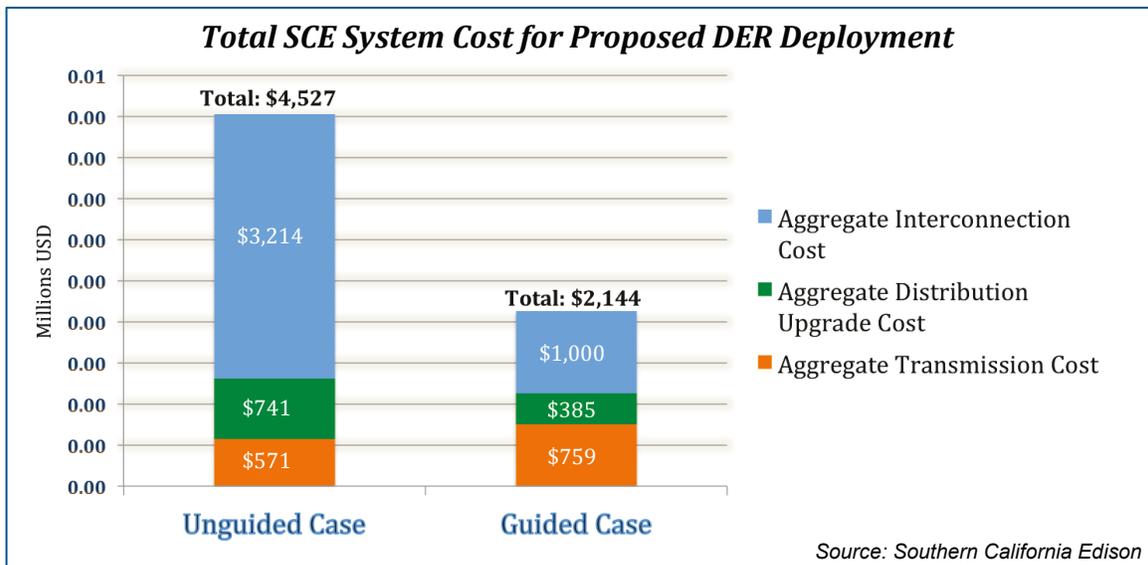
The Clean Coalition agrees with SDG&E that different plans will have different impacts on transmission and distribution systems, with the potential for drastically different cost impacts and need for infrastructure investment. Infrastructure costs make up a significant part of the retail cost of energy, and the IRP process needs to consider these costs when comparing scenarios and identifying the ideal mix of resources. In particular, the Clean Coalition expects that any plan with significant quantities of distributed energy resources (DERs) would prompt drastically less

¹ Comments of San Diego Gas & Electric Company Concerning Staff proposal on Process for Integrated Resource Planning (June 28, 2017) at 6.

² Id. at 8.

³ Id. at 24.

demand for future transmission grid investments—above and beyond providing other significant ratepayer and system benefits. Careful planning for DERs can result in the most cost-effective energy available in California today. The Distribution Resources Planning proceeding is setting up a clear framework to ensure reliable electricity at the lowest cost through use of sophisticated valuation tools, such as the Distributed Energy Resources Avoided Cost (CERAC) and Locational Net Benefits Assessment (LNBA) avoided cost calculators. These tools illustrate that guided planning enables load-serving entities to deploy DERs for a fraction of the cost of earlier projects. The chart below was developed by Southern California Edison to show total system costs for proposed DER deployment. These low costs emphasize the need for the IPR process to consider high DER deployment scenarios in identifying the Reference System Plan.



In addition to being more cost-effective through guided planning, DERs provide energy and related services to the distribution grid without requiring new transmission infrastructure and, in many cases, freeing up available transmission capacity for use by other projects. These characteristics lead to valuable ratepayer benefits and deferred or avoided transmission investment. The Clean Coalition estimates that a doubling the projected deployment of DERs could save California ratepayers \$38.5 billion in avoided transmission costs over the next 20 years.⁴

⁴ For detailed information on this model, see the Clean Coalition’s Transmission Access Charges (TAC) Campaign website, available at www.clean-coalition.org/tac.

For these reasons, the Clean Coalition recommends that Commission staff incorporate estimates of transmission and distribution infrastructure costs into each reference scenario and the Reference System Plan. The IRP process must consider both the cost of generating *and delivering* energy when identifying the optimal resource mix, or else California ratepayers will be paying far more in transmission investment than they should.

C. The RESOLVE model should incorporate demand-side resources as inputs and resources, just as any supply-side resource is considered.

The Clean Coalition agrees with other parties that demand-side and load-modifying resources should be incorporated into the RESOLVE model as inputs. Load flexibility and shaping is central to utilizing the lowest cost renewables and could enable a cost-effective alternative to procuring new generation resources. Commission staff should allow the model to select and prioritize demand-side resources.

III. CONCLUSION

Thank you for the opportunity to comment on this important step forward in the IRP process, and the Clean Coalition looks forward to working with the Commission and other stakeholders on these issues.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "K Ramsey", is centered on the page.

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